

3081

# **EAST BATON ROUGE PARISH SHERIFF**

**Baton Rouge, Louisiana**

## **FINANCIAL REPORT**

**June 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 08 2012**



**Postlethwaite  
& Netterville**

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**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

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**INDEPENDENT AUDITORS' REPORT**

Honorable Sid J. Gautreaux, III  
Sheriff and Tax Collector  
East Baton Rouge Parish Sheriff  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the combined fiduciary funds of the East Baton Rouge Parish Sheriff (the "Sheriff") as of and for the year ended June 30, 2011, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sheriff's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the combined fiduciary funds of the East Baton Rouge Parish Sheriff as of June 30, 2011, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 14, 2012 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison information, and the schedule of funding progress for the Sheriff's other post-employment benefit plan on pages 3 through 10, 32 through 33, and page 34, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United

States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's financial statements as a whole. The other supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
January 14, 2012

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis**

This section of the East Baton Rouge Parish Sheriff's (the Sheriff's) annual financial report provides our narrative discussion and analysis of the financial activities of the Sheriff for the fiscal years ended June 30, 2011 and 2010. The Sheriff's financial performance is discussed and analyzed within the context of the financial statements and disclosures, which follow this section.

**Financial Highlights**

- The Sheriff's assets exceeded its liabilities by \$20.7 million and \$24.3 million (net assets) for the fiscal years ended June 30, 2011 and 2010, respectively.
- Total revenues of \$75.9 million were exceeded by total expenses of \$79.5 million, resulting in a deficit change in net assets of \$3.6 million for the year ended June 30, 2011. For the year ended June 30, 2010, total revenues of \$76.2 million were exceeded by total expenses of \$78 million, resulting in a deficit change in net assets of \$1.8 million for that year.
- The Sheriff's governmental funds report total ending fund balances of approximately \$19.9 and \$22.2 million as of June 30, 2011 and 2010, respectively.
- Total net assets are comprised of the following:
  - (1) Capital assets of \$11.5 million and \$10.5 million for the years ended June 30, 2011 and 2010, respectively, net of related debt of \$ -0-. Capital assets include property and equipment net of accumulated depreciation.
  - (2) Restricted net assets were \$3.3 million and \$966,480 for the years ended June 30, 2011 and 2010, respectively. These assets (net of liabilities to be paid from those assets) consist primarily of seized assets or other accounts whose use is restricted by statute.
  - (3) Unrestricted net assets of \$5.9 million and \$12.8 million for the years ended June 30, 2011 and 2010, respectively.

*Greater detail of these financial highlights is provided in the "financial analysis" section of this document.*

**EAST BATON ROUGE PARISH SHERIFF**  
Baton Rouge, Louisiana

**Management's Discussion and Analysis**

**Overview of the Financial Statements**

Management's Discussion and Analysis introduces the Sheriff's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Sheriff also includes information in this report to supplement the basic financial statements

***Government-wide Financial Statements***

The Sheriff's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the Sheriff's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff would extend to other non-financial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Sheriff's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by property taxes. The sole purpose of these governmental activities is public safety. The government-wide financial statements are presented on pages 11 and 12 of this report.

***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Sheriff uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Sheriff's most significant funds, rather than the Sheriff as a whole.

The Sheriff uses governmental funds and fiduciary funds as follows:

*Governmental funds* are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

**EAST BATON ROUGE PARISH SHERIFF**  
Baton Rouge, Louisiana

**Management's Discussion and Analysis**

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The governmental fund financial statements and the reconciliations of those statements to the government-wide financial statements are presented on pages 13 through 16 of this report.

*Fiduciary funds* are reported in the fund financial statements and present taxes collected for other taxing bodies, deposits held pending court action and the individual prison inmate accounts. The only fiduciary type funds presented by the Sheriff are agency funds.

The basic agency fund financial statement is presented on page 17 of this report.

***Notes to the basic financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Sheriff's budget presentations and the other post-employment benefit plan. Budgetary comparison statements are included as "required supplementary information" for the general and special revenue fund. These schedules demonstrate compliance with the Sheriff's adopted and final revised budget. Required supplementary information can be found on pages 31 through 33 of this report.

**Financial Analysis**

The Sheriff's net assets were \$20,748,525 and \$24,394,589 at June 30, 2011 and 2010, respectively. The following table provides a summary of the Sheriff's net assets:



**EAST BATON ROUGE PARISH SHERIFF**  
Baton Rouge, Louisiana

**Management's Discussion and Analysis**

**Summary Statement of Net Assets**

	June 30, 2011		June 30, 2010	
	Governmental	Percentage	Governmental	Percentage
	<u>Activities</u>	<u>Total</u>	<u>Activities</u>	<u>Total</u>
<b>Assets:</b>				
Current assets	\$ 23,930,106	68%	\$ 25,361,745	71%
Capital assets	<u>11,509,808</u>	<u>32%</u>	<u>10,543,068</u>	<u>29%</u>
Total assets	<u>35,439,914</u>	<u>100%</u>	<u>35,904,813</u>	<u>100%</u>
<b>Liabilities:</b>				
Current liabilities	4,047,080	28%	3,130,506	27%
Long-term liabilities	<u>10,644,309</u>	<u>72%</u>	<u>8,379,717</u>	<u>73%</u>
Total liabilities	<u>14,691,389</u>	<u>100%</u>	<u>11,510,223</u>	<u>100%</u>
<b>Net assets:</b>				
Investment in capital assets	11,509,808		10,543,068	
Restricted	3,261,741		966,480	
Unrestricted	<u>5,976,976</u>		<u>12,885,042</u>	
Total net assets	<u>\$ 20,748,525</u>		<u>\$ 24,394,590</u>	

Net assets of \$20,748,525 and \$24,394,590 at June 30, 2011 and 2010, respectively, were \$3,646,064 less than and \$1,824,907 less than net assets for the previous year. The Sheriff had \$11,509,808 and \$10,543,068 invested in capital assets at June 30, 2011 and 2010, respectively. Current assets exceed current liabilities by \$19,883,026 and \$22,231,239 at June 30, 2011 and 2010, respectively. Long-term liabilities consisting primarily of the net post-employment benefit obligation and accrued compensated leave were \$10,644,309 versus \$8,379,717 at June 30, 2011 and 2010, respectively. The increase in long-term liabilities of \$2,264,592 is largely attributable to the increase in the post employment benefits obligation as determined by Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pension*.

**EAST BATON ROUGE PARISH SHERIFF**  
Baton Rouge, Louisiana

**Management's Discussion and Analysis**

*The following table provides a Summary Statement of Activities that accounts for the Sheriff's changes in net assets:*

**Summary Statement of Activities**

	<u>June 30, 2011</u>		<u>June 30, 2010</u>	
	<u>Governmental Activities</u>	<u>Percentage of Total</u>	<u>Governmental Activities</u>	<u>Percentage of Total</u>
<b>Revenues:</b>				
<b>Program:</b>				
Fees, charges and commissions for services	\$ 19,002,520	25%	\$ 18,399,935	24%
Operating grants and contributions	<u>2,324,732</u>	<u>3%</u>	<u>2,290,314</u>	<u>3%</u>
	21,327,252	28%	20,690,249	27%
<b>General:</b>				
Ad valorem taxes	50,575,220	66%	49,808,390	65%
Grants not restricted to specific programs	4,387,334	6%	4,330,757	6%
Interest income	352,250	1%	242,613	.5%
(Loss) from sale of fixed assets/ gain on sale of fixed assets	(1,235,643)	(2%)	209,156	.5%
Miscellaneous	<u>473,678</u>	<u>1%</u>	<u>923,141</u>	<u>1%</u>
<b>Total revenues</b>	<u>75,880,091</u>	<u>100%</u>	<u>76,204,306</u>	<u>100%</u>
<b>Program expenses:</b>				
Public safety	<u>79,526,155</u>	<u>100%</u>	<u>78,029,213</u>	<u>100%</u>
<b>Total expenses</b>	<u>79,526,155</u>	<u>100%</u>	<u>78,029,213</u>	<u>100%</u>
<b>Change in net assets</b>	(3,646,064)		(1,824,907)	
<b>Beginning net assets</b>	<u>24,394,589</u>		<u>26,219,496</u>	
<b>Ending net assets</b>	<u>\$ 20,748,525</u>		<u>\$ 24,394,589</u>	

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis**

**REVENUES**

Ad-valorem taxes funded 66% and 65% of the Sheriff's operations for the years ended June 30, 2011 and 2010, respectively. Program revenues consisting of fees, charges, commissions and restricted operating grants and contributions funded 28% and 27% of operations for the years ended June 30, 2011 and 2010, respectively.

**GOVERNMENTAL FUNCTIONAL EXPENSES**

The primary function of the Sheriff's office is public safety activities. Therefore, all expenses are presented within this category on the Statement of Activities. To highlight certain components of this broad category of expenses, we offer the following analysis.

Depreciation of office equipment, vehicles, buildings and all other capital assets for the years ended June 30, 2011 and 2010 was \$3,413,925 (4% of total expenses) and \$3,116,369 (4% of total expenses), respectively. Personnel expenses were \$54,554,640 and \$52,234,493 for the years ended June 30, 2011 and 2010, respectively. The increased personnel expenses are attributable to pay increases and increased health care costs.

**Financial Analysis of the Sheriff's Funds**

***Governmental funds***

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$19,883,026 and \$22,231,239 at June 30, 2011 and 2010, respectively. The fund balance as of June 30, 2011 represents approximately 25% of annual expenditures. This level of fund balance will allow the Sheriff to sustain operations during periods of decreased revenues without obtaining significant outside borrowings.

***Major Governmental Funds***

The General Fund is the Sheriff's primary operating fund. Total General Fund revenues increased by approximately \$.5 million in the fiscal year 2011 from fiscal year 2010 and by approximately \$4.5 million in fiscal year 2010 from fiscal year 2009. The relatively flat revenue growth for fiscal year 2011 in comparison to that of fiscal year 2010 is due to a slow-down in the growth of property taxes due to the local housing market and economic conditions. Total expenditures in the General Fund increased from the previous fiscal year by \$2.4 million and by \$3 million in the years ended June 30, 2011 and 2010, respectively. The most significant increases in expenditures for the years ended June 30, 2011 and 2010 were in personnel services and related benefits for \$2.3 million and \$2.8 million, respectively. Total revenues (exclusive of the proceeds of sales of assets) for the General Fund were exceeded by total expenditures by approximately \$2.5 million and \$725,000 for the years ended June 30, 2011, and 2010, respectively, resulting in ending fund balances of \$19.6 million and \$21.9 million, respectively.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis**

**Budgetary Highlights**

***The General Fund*** — The original budgets for the General Fund included anticipated revenues of approximately \$76.2 million and \$72.6 million for the years ended June 30, 2011 and 2010, respectively, an increase of approximately \$3.6 million and \$4.1 million for these years from the prior year. For the fiscal year ended June 30, 2011, the budget was amended to reflect decreases in various revenue accounts totaling approximately \$1.4 million; however, the total actual revenues of \$76 million, as reported in the General Fund, exceeded the amended budget by approximately \$1.3 million.

The original budgets for the General Fund included anticipated expenditures of approximately \$78.2 million and \$73.8 million for the years ended June 30, 2011 and 2010, respectively, an increase of approximately \$4.4 million and \$2.2 million for these years from the prior year. For the year ended June 30, 2011, the budget was amended to reflect an increase of approximately \$1.1 million in anticipated expenditures, most significantly in the areas of operating services; however, the total actual expenditures of \$78.6 million was approximately \$0.7 million less than total anticipated expenditures of \$79.2 million on the amended budget.

***The Prison Canteen Special Revenue Fund*** — There were no significant differences between the original and final budget.

**Capital Assets and Debt Administration**

***Capital assets***

The Sheriff's investment in capital assets was \$11,509,808, net of accumulated depreciation of \$14,852,202 at June 30, 2011 and \$10,543,068, net of accumulated depreciation of \$12,450,152 at June 30, 2010. Under the Sheriff's capitalization policy, assets with a cost of \$5,000 or more are capitalized for purposes of financial reporting. All assets with a cost of \$500 or more, as well as certain assets with a cost of less than \$500, are inventoried and tracked. See Note 3 for additional information about changes in capital assets during the fiscal year and the balance at the end of the year.

**EAST BATON ROUGE PARISH SHERIFF**  
Baton Rouge, Louisiana

**Management's Discussion and Analysis**

The following table provides a summary of capital asset categories.

<u>Capital Assets</u> <u>(net of accumulated depreciation where applicable)</u>			
	<u>6/30/2011</u>		<u>6/30/2010</u>
Land	\$ 43,560	\$	43,560
Buildings	3,170,719		2,148,461
Vehicles	3,929,275		5,503,971
Office furniture & equipment	321,914		108,136
Law enforcement equipment	1,398,612		786,699
Telecommunications equipment	<u>2,645,728</u>		<u>1,952,241</u>
Total capital assets	<u>\$ 11,509,808</u>	<u>\$</u>	<u>10,543,068</u>

At June 30, 2011 and 2010, respectively, the depreciable capital assets for governmental activities were 58% and 54% depreciated.

***Long-term liabilities***

The Sheriff had no long-term bonded debt or borrowings for the fiscal years ended June 30, 2011 and 2010. However, long-term liabilities for post employment health benefits of \$5,654,678, for self-insured health claims of \$540,000, and for compensated absences of \$4,449,631, have accrued to the Sheriff as of June 30, 2011. This represents an increase of \$2,264,592 in long-term liabilities since June 30, 2010.

**Economic Conditions and Budgets of Future Periods**

In setting the fiscal year 2012 budget, neither growth nor a decline is anticipated for property tax revenue. Expenditures remain relatively constant as well. Because the fiscal 2011 year operated at a deficit and revenues and expenditures will remain constant, the Sheriff may once again experience an operating deficit for fiscal year 2012. However, the general fund balance of \$19,680,259 provides sufficient reserves to absorb the deficit.

**Contacting the Sheriff's Financial Management**

This financial report is designed to provide a general overview of the Sheriff's finances, comply with laws and regulations related to finance, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Sheriff's Office, Stephen Hymel, Chief Civil Deputy, at (225) 389-4929 or email at [shymel@ebrso.org](mailto:shymel@ebrso.org).

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**STATEMENT OF NET ASSETS**  
**June 30, 2011**

**ASSETS**

Cash	\$ 15,222,283
Cash restricted	3,449,540
Receivables	1,143,223
Due from fiduciary funds	1,252,270
Due from other governments	1,125,038
Other	1,737,752
Capital assets:	
Land	43,560
Depreciable assets, net	<u>11,466,248</u>
Total assets	<u><u>35,439,914</u></u>

**LIABILITIES**

Accounts payable and accrued liabilities	3,106,804
Due to others	940,276
Long-term liabilities:	
Net post employment benefit obligation	5,654,678
Compensated absences payable	4,449,631
Claims payable	<u>540,000</u>
Total liabilities	<u><u>14,691,389</u></u>

**NET ASSETS**

Invested in capital assets	11,509,808
Restricted	3,261,741
Unrestricted	<u>5,976,976</u>
Total net assets	<u><u>\$ 20,748,525</u></u>

The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2011**

		<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities				
Public Safety	<u>\$ 79,526,155</u>	<u>19,002,520</u>	<u>2,324,732</u>	<u>\$ (58,198,903)</u>
General revenues:				
Ad valorem taxes				50,575,220
State funds not restricted to specific programs				4,387,334
Interest income				352,250
Loss on sale of fixed assets				(1,235,643)
Miscellaneous				<u>473,678</u>
Total general revenues				<u>54,552,839</u>
Change in net assets				(3,646,064)
Net assets - beginning				<u>24,394,589</u>
Net assets - ending				<u>\$ 20,748,525</u>

The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF****Baton Rouge, Louisiana****BALANCE SHEET - GOVERNMENTAL FUNDS****JUNE 30, 2011**

	<u>General Fund</u>	<u>Canteen Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash	\$ 14,901,565	\$ 320,718	\$ 15,222,283
Cash restricted	3,449,540	-	3,449,540
Receivables	1,143,223	-	1,143,223
Due from other funds	1,369,386	300	1,369,686
Due from other governments	1,125,038	-	1,125,038
Other	1,724,575	13,177	1,737,752
Total assets	<u>23,713,327</u>	<u>334,195</u>	<u>24,047,522</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	3,092,792	14,012	3,106,804
Due to others	940,276	-	940,276
Due to other funds	-	117,416	117,416
Total liabilities	<u>4,033,068</u>	<u>131,428</u>	<u>4,164,496</u>
<b><u>FUND BALANCE</u></b>			
Restricted	3,261,741	202,767	3,464,508
Unassigned	16,418,518	-	16,418,518
Total fund balances	<u>19,680,259</u>	<u>202,767</u>	<u>19,883,026</u>
Total liabilities and fund balances	<u>\$ 23,713,327</u>	<u>\$ 334,195</u>	<u>\$ 24,047,522</u>

The accompanying notes are an integral part of these statements.



**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

Total Fund Balances for governmental funds at June 30, 2011	\$ 19,883,026
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Total Net Assets reported for governmental activities in the Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Total capitalized cost net of \$14,852,202 accumulated depreciation.	11,509,808
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Long-term liabilities at June 30, 2011:

Net post employment benefits obligation recorded in accordance with GASB 45	(5,654,678)
Claims payable - self insurance for healthcare benefits	(540,000)
Compensated absences payable	<u>(4,449,631)</u>

Total Net Assets of governmental activities at June 30, 2011	<u>\$ 20,748,525</u>
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The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF****Baton Rouge, Louisiana****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2011**

<b><u>REVENUES</u></b>	<b><u>General Fund</u></b>	<b><u>Canteen Fund</u></b>	<b><u>Total</u></b>
Ad valorem taxes	\$ 50,575,220	\$ -	\$ 50,575,220
Intergovernmental revenues:			
Federal grants	1,560,170	-	1,560,170
State grants	81,660	-	81,660
State supplemental pay	3,686,381	-	3,686,381
State revenue sharing	700,953	-	700,953
Fees, charges, and commissions for services:			
Civil and criminal fees	6,441,635	-	6,441,635
Court attendance	150,144	-	150,144
Transporting prisoners	280,868	-	280,868
Feeding and keeping prisoners	8,158,786	-	8,158,786
Sales of merchandise	-	78,323	78,323
Fines and forfeitures	199,334	-	199,334
Narcotics seizures	127,412	-	127,412
Other	3,176,506	389,512	3,566,018
Interest income	351,310	940	352,250
Donations	82,902	-	82,902
Miscellaneous	472,948	730	473,678
Total Revenues	<u>76,046,229</u>	<u>469,505</u>	<u>76,515,734</u>
<b><u>EXPENDITURES</u></b>			
Public safety:			
Personnel services and related benefits	54,657,462	-	54,657,462
Operating services	9,914,816	417,920	10,332,736
Materials and supplies	8,591,989	63,366	8,655,355
Transporting and other charges	1,325,515	62,462	1,387,977
Capital outlay	4,067,356	-	4,067,356
Total Expenditures	<u>78,557,138</u>	<u>543,748</u>	<u>79,100,886</u>
EXCESS OF EXPENDITURES OVER REVENUES	(2,510,909)	(74,243)	(2,585,152)
Other financing sources:			
Sale of fixed assets	236,940	-	236,940
Total other financing sources	<u>236,940</u>	<u>-</u>	<u>236,940</u>
Net change in fund balance	(2,273,969)	(74,243)	(2,348,212)
FUND BALANCE AT BEGINNING OF YEAR	<u>21,954,228</u>	<u>277,010</u>	<u>22,231,238</u>
FUND BALANCE AT END OF YEAR	<u>\$ 19,680,259</u>	<u>\$ 202,767</u>	<u>\$ 19,883,026</u>

The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**RECONCILIATION OF GOVERNMENTAL FUNDS'**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2011**

Total Net Changes in Fund Balance for year ended June 30, 2011, per Statement of Revenues,  
Expenditures and Changes in Fund Balances \$ (2,348,212)

The change in net assets reported for governmental activities in the Statement of Activities is  
different because:

Governmental funds report capital asset purchases as expenditures. However, in the  
Statement of Activities, the cost of those assets is allocated over their estimated useful  
lives and reported as depreciation expense.

Purchases of capital assets	5,853,248	
Depreciation expense	<u>(3,413,925)</u>	2,439,323
Excess of compensated absences used over compensated absences earned		6,595
Net post employment benefits expense in excess of contributions		(2,476,187)
Claims payable for self insurance for healthcare		205,000
Net book value of fixed assets disposed		<u>(1,472,583)</u>
Total changes in Net Assets for year ended June 30, 2011, per Statement of Activities		<u>\$ (3,646,064)</u>

The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2011**

**ASSETS**

Cash and cash equivalents	\$ 25,123,133
Receivables	<u>17,931</u>
Total Assets	<u><u>25,141,064</u></u>

**LIABILITIES**

Due to other funds of Sheriff	1,252,270
Balance due to taxing bodies, prisoners and others	<u>23,888,794</u>
Total Liabilities	<u><u>\$ 25,141,064</u></u>

The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the East Baton Rouge Parish Sheriff (Sheriff) serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, when requested, the Sheriff provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, state revenue sharing funds, proceeds of sales of seized property and fines, costs, and bond forfeitures imposed by the district court.

**A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING**

**BASIS OF PRESENTATION**

The accompanying financial statements of the Sheriff have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**GOVERNMENT-WIDE STATEMENTS:**

The statement of net assets and the statement of activities display information about the primary government. They include all funds of the reporting entity, which are considered to be governmental activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function, and, therefore are clearly identifiable to a particular function. Program revenues are derived directly from fees and charges paid by the recipient of services offered by the Sheriff and grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**FUND FINANCIAL STATEMENTS:**

The fund financial statements provide information about the Sheriff's funds, including its fiduciary funds. Separate statements for each fund category, governmental and fiduciary, are presented. The emphasis of fund financial statements is on major governmental funds.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING** (continued)

The Sheriff reports the following major governmental funds:

**General Fund**

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's Office and accounts for a majority of the operations of the Sheriff's Office. The Sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance, and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund.

**Special Revenue Fund**

Special Revenue Funds account for the proceeds of restricted or committed revenue sources. The Canteen Fund accounts for the operation of the prison commissary which is funded through sales of goods and services to prisoners.

Additionally, the Sheriff reports another fund type as follows:

**Agency Funds**

The agency funds are used as depositories for civil suits, cash bonds, ad-valorem taxes collected, fees, evidence seized, prisoner deposits, et cetera. Disbursements from these funds are made to various local government agencies, litigants in suits, detainees, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**B. REPORTING ENTITY**

For financial reporting purposes, the Sheriff includes all funds, activities, et cetera, that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's Office that are paid or provided by the city-parish council as required by Louisiana law, the Sheriff is financially independent. As required by generally accepted accounting principles, the financial statements of the reporting entity include only those of the East Baton Rouge Parish Sheriff (the primary government). There are no component units to be included in the Sheriff's reporting entity.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS**

The Governmental Wide Financial Statements (GWFS) and fiduciary fund statements are reported using the economic resources measurement focus. The government wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Sheriff gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Sheriff considers all property tax revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

All governmental activities of the Sheriff follow Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**D. BUDGET PRACTICES**

The proposed budget for the year ended June 30, 2011, was made available for public inspection and comments from taxpayers at the Sheriff's office on June 14, 2010. A public hearing was held on the proposed budget at least 10 days after publications of the call of the hearing. The proposed budget was published in the official journal ten days prior to the public hearing, which was held at the Sheriff's Office on June 24, 2010 for the comments from taxpayers. The budget was legally adopted and amended, as necessary, by the Sheriff.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget presented in the accompanying budgetary comparison schedules include the originally adopted budget and the final budget which includes all subsequent amendments.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposit accounts, interest-bearing demand deposits, and money market accounts. Under state law, the Sheriff may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

Under state law, the Sheriff may invest in United States bonds, treasury notes, U.S. Agency obligations or investment grade commercial paper. These are classified as investments if their original maturity exceeds 90 days.

**F. CAPITAL ASSETS**

All capital assets are capitalized at historical cost, or estimated historical costs for assets where actual cost is not available. Donated fixed assets are recorded as capital assets at their fair value at the date of donation. The Sheriff maintains a threshold level of \$5,000 or more for capitalizing assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Capital assets are recorded in the Statement of Net Assets and depreciation thereon within the Statement of Activities. Since surplus assets are sold for an immaterial amount when declared no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Vehicles	5
Computer Software	5
Office Furniture and Equipment	5-15
Law Enforcement Equipment	5-10
Telecommunications Equipment	5

**G. COMPENSATED ABSENCES**

Employees of the Sheriff's Office earn from 16 to 22 hours of paid time off (PTO) every 28 days of uninterrupted full-time employment. Maximum accrual of PTO is 1,040 hours, depending upon length of service. During the year ended June 30, 2010, the Sheriff discontinued the accrual of sick leave. The unused sick leave was transferred to PTO to the extent that the transfer did not cause accumulated PTO to exceed 1,040 hours. The remaining sick leave that could not be transferred will be available for the respective employees to use. However, upon termination, accumulated sick leave that was not transferred to PTO, will not be paid out. Upon termination of employment, employees are paid for accrued PTO up to 300 hours.



**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**G. COMPENSATED ABSENCES** (continued)

Law enforcement employees receive overtime compensation for compensable hours worked in excess of 171 hours in a 28-day work period. Non-law enforcement employees receive overtime compensation for compensable hours worked in excess of 40 hours during a 7 day work week. Exempt employees are not compensated for overtime. As a condition of employment with the Sheriff's Office, nonexempt employees receive compensatory time (CT), at the rate of time and a half, in lieu of immediate cash payment for overtime. CT is time off with full pay and benefits (insurance, pension, and accrual of PTO). A maximum of 480 hours of CT may be accumulated for law enforcement personnel. A maximum of 240 hours of CT may be accumulated by non-law enforcement personnel.

The cost of leave privileges is recognized as current year expenditure in the General Fund when leave is actually taken or paid upon termination. The cost of leave privileges not requiring current resources is reported as a liability in the Statement of Net Assets. As such, the accumulated CT and up to 300 hours of PTO is accrued as a long-term liability in the Statement of Net Assets.

**H. FUND EQUITY OF FUND FINANCIAL STATEMENTS.**

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below in accordance with Governmental Accounting Standards Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

**Nonspendable** - represent permanently nonspendable balances that are not expected to be converted to cash.

**Spendable**

**Restricted** - represent balances where constraints have been established by external parties or by enabling legislation.

**Committed** - represent balances where constraints have been established by formal action of the Sheriff.

**Assigned** - represent balances where informal constraints have been established by the Sheriff or his delegate, but that are not restricted nor committed.

**Unassigned** - represent balances for which there are no constraints.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, the Sheriff reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the Sheriff reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**I. USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets, liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. LEVIED TAXES**

The following is a summary of authorized and levied property taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Special law enforcement	4.36	4.36	None
Additional special law enforcement	6.90	6.90	12/31/2013
Special law enforcement	3.73	3.73	12/31/2020

**3. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2011, are as follows:

Governmental activities:

<u>Asset Class</u>	<u>Balance at 6/30/2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at 6/30/2011</u>
<b>Cost</b>				
Land	\$ 43,560	\$ -	\$ -	\$ 43,560
Buildings	2,891,217	1,661,312	-	4,552,529
Vehicles	12,713,912	2,333,403	(1,765,353)	13,281,962
Office Furniture and Equipment	2,296,469	889,602	(639,527)	2,546,544
Law Enforcement Equipment	1,291,240	868,363	(77,272)	2,082,331
Telecommunications Equipment	3,756,822	100,568	(2,306)	3,855,084
	<u>22,993,220</u>	<u>5,853,248</u>	<u>(2,484,458)</u>	<u>26,362,010</u>
<b>Accumulated Depreciation</b>	<u>(12,450,152)</u>	<u>(3,413,925)</u>	<u>1,011,875</u>	<u>(14,852,202)</u>
<b>Total Capital Assets</b>	<u>\$ 10,543,068</u>	<u>\$ 2,439,323</u>	<u>\$ (1,472,583)</u>	<u>\$ 11,509,808</u>

For the year ended June 30, 2011, depreciation expense was \$3,413,925.

**EAST BATON ROUGE PARISH SHERIFF**

**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**4. CASH AND CASH EQUIVALENTS**

At June 30, 2011, the Sheriff has cash and cash equivalents consisting solely of deposits in financial institutions. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

Custodial credit risk is the risk that an entity may fail to receive its deposits upon failure of a financial institution. To protect against such risks, the market values of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At June 30, 2011, the deposits are adequately secured from custodial credit risk by pledged securities and FDIC insurance.

**5. RECEIVABLES**

Receivables at June 30, 2011 are as follows:

Federal grants	\$ 222,893
Feeding, keeping and transporting prisoners	199,154
Other fees, charges and commissions	721,176
	<u>\$ 1,143,223</u>

**6. RESTRICTED ASSETS**

Restricted cash held in the general fund of \$1,088,202 represents funds received from grants, narcotic seizures, litigation settlements, and amounts received under ACT 942. These amounts are held in these accounts until disbursements are properly authorized.

**7. PENSION PLAN**

**Plan Description.** Substantially all employees of the Sheriff's Office are members of the Louisiana Sheriffs Pension and Relief Fund (the System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All Sheriffs and all deputies who are found to be physically fit, who earn at least \$400 per month if employed prior to January 1, 1991, and not less than \$800 if employed subsequent to December 30, 1990, and who were between the ages of 18 and 50 at the time of original employment are required to participate in the System. Employees are eligible to retire after age 55 with at least twelve years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final average salary for each year of credited service.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. PENSION PLAN (continued)**

The member shall be paid a monthly sum equal to 3 1/3 percent of the member's average monthly salary for the 36 highest successive months of employment, or the highest 36 successive joined months of employment where interruption of service occurred, multiplied by the number of years creditable service in the System. In any case, the retirement benefit cannot exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least twelve years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs Pension and Relief Fund, 1225 Nicholson Dr., Baton Rouge, LA 70802, or by calling (225) 219-0500.

**Funding Policy.** Plan members are required by state statute to contribute 10.00 percent of their annual covered salary and the Sheriff is required to contribute at an actuarially determined rate. The current rate is 12.00 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sheriff's contributions to the System, for the years ending June 30, 2011, 2010, and 2009, were \$4,752,630, \$4,249,970, and \$4,107,636, respectively.

**8. OTHER POST-EMPLOYMENT BENEFITS**

The Sheriff accounts for its non-pension post-employment benefits in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* (GASB 45).

**Plan Description.** The Sheriff provides certain continuing health care, life and dental insurance benefits for its retired employees. Substantially all of the Sheriff's employees qualify for those benefits if they reach their eligible retirement age while working for the Sheriff. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the retirees and subsidized by the Sheriff.

**Contribution Rates.** Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Funding Policy.** Until 2008, the Sheriff recognized the cost of providing post-employment medical, life and dental benefits (the Sheriff's portion of the retiree medical, life and dental benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. During fiscal year 2011, the Sheriff's portion of health care and life insurance cost for retired employees was determined to be \$2,815,921, as defined by GASB 45. However, the Sheriff still finances the cost on a pay-as-you go basis, contributing only \$339,734 toward the cost.

**Annual Required Contribution.** The Sheriff's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2011 is \$2,879,532 for medical and life, as set forth below:

Normal Cost	\$ 1,414,100
30-year UAL amortization amount	<u>1,465,432</u>
Annual required contribution (ARC)	<u>\$ 2,879,532</u>

**Net Post-employment Benefit Obligation (Asset).** The table below shows the Sheriff's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2011:

Beginning Net OPEB Obligation 7/1/2010	\$ 3,178,491
Annual required contribution	2,879,532
Interest on Net OPEB Obligation	127,140
ARC Adjustment	<u>(190,751)</u>
OPEB Cost	2,815,921
Current year retiree premium (plan contributions)	<u>(339,734)</u>
Change in Net OPEB Obligation	<u>2,476,187</u>
Ending Net OPEB Obligation 6/30/2011	<u>\$ 5,654,678</u>

The following table shows the Sheriff's annual post-employment benefits (OPEB) cost, percentage of the cost contributed, and the net post-employment benefit (OPEB) obligation (asset):

<b>Post Employment Benefit</b>	<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual Cost Contributed</b>	<b>Net OPEB Obligation</b>
Medical and Life	June 30, 2011	\$2,815,921	12.06%	\$ 5,654,678
Medical and Life	June 30, 2010	1,965,823	20.49%	3,178,491
Medical and Life	June 30, 2009	1,994,628	19.01%	1,615,511

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Funded Status and Funding Progress.** In the fiscal year ending June 30, 2011, the Sheriff made no contributions to an irrevocable trust for its post employment benefits plan. The plan is not considered to be funded at all, has no assets, and hence has a funded ratio of zero. As of July 1, 2010, most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$24,418,601 (medical and life), which is defined as that portion, as determined by a particular actuarial cost method (the Sheriff uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

Actuarial Accrued Liability (AAL)	\$ 24,418,601
Actuarial Value of Plan Assets	-
Unfunded Act. Accrued Liability (UAAL)	<u>24,418,601</u>
Funded Ratio (Act. Val. Assets/AAL)	0%
Covered Payroll (active plan members)	\$ 42,184,888
UAAL as a percentage of covered payroll	58%

**Actuarial Methods and Assumptions.** Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Sheriff and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Sheriff and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Sheriff and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**EAST BATON ROUGE PARISH SHERIFF**

**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Withdrawal Rate.** A work experience related withdrawal scale based on actual experience as described by administrative staff has been used. The rates are below:

<b>Service</b>	<b>Males</b>	<b>Females</b>
<1	26.0%	26.0%
1	17.0%	17.0%
2	13.0%	13.0%
3	12.0%	12.0%
4	10.0%	10.0%
5	8.0%	8.0%
6	7.0%	7.0%
7	7.0%	7.0%
8	6.0%	6.0%
9 – 12	4.0%	4.0%
13 – 18	2.5%	2.5%
19 +	1.5%	1.5%

**Post-employment Benefit Plan Eligibility Requirements.** It is assumed that entitlement to benefits will commence after 12 years of service at age 55 or after 30 years of service. Spouses of retiring members are also eligible for health and life benefits under the Plan, however, they are responsible for the full cost of coverage. Medical benefits are provided to employees upon actual retirement. Entitlement to benefits continue through Medicare to death. Additionally, 40% of employees who elect coverage while in active employment are assumed to elect continued medical coverage in retirement, and 40% of those employees electing coverage are assumed to cover their spouse. Female spouses are assumed to be three years younger than their husbands.

**Investment Return Assumption (Discount Rate).** GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

**Health Care Cost Trend Rate.** The expected rate of increase in medical cost is 6.5% as an initial rate and graduated down to 4.5% over 76 years.

Zero trend has been assumed for valuing life insurance.

**Mortality Rate.** The RP2000 Static Healthy Mortality Table (sex distinct) projected to 2011 using Scale AA, has been applied.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**9. CHANGES IN AGENCY FUND BALANCES**

A summary of changes in agency fund balances due to taxing bodies and others follows:

	<u>Sheriff's Fund</u>	<u>Prison Inmate Fund</u>	<u>Tax Collector Fund</u>	<u>Evidence Fund</u>	<u>Total</u>
Balance at Beginning of year	\$ 5,744,782	\$ 188,777	\$ 22,883,291	\$ 495,545	\$ 29,312,395
Additions	20,839,656	468,270	392,850,723	130,151	414,288,800
Reductions	<u>(20,189,706)</u>	<u>(433,372)</u>	<u>(397,692,055)</u>	<u>(144,998)</u>	<u>(418,460,131)</u>
Balance at End of year	<u>\$ 6,394,732</u>	<u>\$ 223,675</u>	<u>\$ 18,041,959</u>	<u>\$ 480,698</u>	<u>\$ 25,141,064</u>

**10. TAXES PAID UNDER PROTEST**

Amounts held in escrow for protested taxes at June 30, 2011, were \$9,495,690, consisting of taxes paid under protest, plus interest earned to date on the investment of these funds. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

**11. LITIGATION AND CLAIMS**

At June 30, 2011, the Sheriff was a defendant in multiple lawsuits. These suites, arising from various claims involving workman's compensation issues, automobile accidents, police misconduct, general liability and others are mostly covered through insurance. However, the Sheriff is exposed for certain uninsured claims and deductibles. Those lawsuits with a reasonable possibility of an unfavorable outcome expose the Sheriff to losses ranging from approximately \$25,000 to \$900,000. These losses have not been accrued in the accompanying financial statements. Based upon the opinion of the Sheriff's legal counsel, the ultimate resolution of these matters, as well as other claims not covered by insurance policies, is not expected to materially impact the operations of the Sheriff.

**12. COMPENSATED ABSENCE LIABILITY**

At June 30, 2011, employees of the Sheriff have accumulated and vested \$4,449,631 of employee leave benefits, which was computed in accordance with GASB Classification Section C60. The following is a summary of the compensated absence liability activity during the year:

	<u>Compensated Absences</u>
Balance, July 1, 2010	\$ 4,456,226
Additions (amounts earned)	3,695,030
Deductions (amounts paid)	<u>(3,701,625)</u>
Balance, June 30, 2011	<u>\$ 4,449,631</u>



**EAST BATON ROUGE PARISH SHERIFF**

**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**13. INTERFUND TRANSACTIONS**

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,369,386	\$ -
Prison Canteen Fund	300	117,416
Agency Funds	-	1,252,270
	<u>\$ 1,369,686</u>	<u>\$1,369,686</u>

**14. RISK MANAGEMENT**

Effective July 1, 2009, the Sheriff is assumed the risk of all medical claims of participants in its employee health plan up to \$125,000 per individual, with reinsurance covering the claims in excess of that amount up to \$5,000,000. In the aggregate, the reinsurance covers individual claims up to \$5,000,000 for the life of the policy. The Sheriff is exposed to various risks of loss related health insurance for its employees. The Sheriff does not report risks covered by excess insurance as liabilities unless it is probable that those risks will not be covered by excess insurance carriers. Settlements did not materially exceed excess insurance coverage for the year. Unpaid claims are reconciled as follows:

Unpaid claims as of July 1, 2010	\$ 745,000
Current year claims incurred and changes in estimates	7,713,464
Claims paid	<u>(6,218,464)</u>
Unpaid claims as of June 30, 2011	<u>\$ 2,240,000</u>

The above unpaid claims as of June 30, 2011, include amounts for claims incurred but not yet reported, as determined from actual claims paid subsequent to year-end as well as an estimate based upon historical lag trends.

The unpaid claims are reported in the Statement of Net Assets (SNA) as follows:

Accounts payable and accrued expenses – general fund and SNA	\$ 1,700,000
Claims incurred but not reported - long term liability within the SNA.	<u>540,000</u>
	<u>\$ 2,240,000</u>

The outstanding claims payable recorded within the general fund are covered through reinsurance. Approximately 1.6 million of that amount is recorded as receivable from the reinsurance provider at June 30, 2011.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**15. SHORT-TERM DEBT**

In order to finance operations until the collection of property tax revenues, the Sheriff obtained a short-term loan from a prominent banking institution. The interest rate on the loan was 1.15%. Ten million was available for draw; however, only 6.5 million was actually drawn. The loan was repaid in full in March of 2011. Interest paid on the loan was \$6,581 during fiscal year 2011. A summary of the short-term debt activity for the year is as follows:

<u>Beginning Balance</u>	<u>Draws/ Increases</u>	<u>Repayment/ Decreases</u>	<u>Ending Balance</u>
<u>\$ -</u>	<u>\$ 6,500,000</u>	<u>\$ (6,500,000)</u>	<u>\$ -</u>

**REQUIRED**  
**SUPPLEMENTARY INFORMATION**

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>REVENUES</u></b>				
Ad valorem taxes	\$ 52,075,000	\$ 50,700,000	\$ 50,575,220	\$ (124,780)
Intergovernmental revenues:				
Federal grants	1,126,400	1,348,100	1,560,170	212,070
State grants	75,960	81,660	81,660	-
State supplemental pay	3,650,000	3,650,000	3,686,381	36,381
State revenue sharing	700,000	700,950	700,953	3
Fees, charges, and commissions for services:				
Civil and criminal fees	5,735,000	6,041,300	6,441,635	400,335
Court attendance	145,000	149,000	150,144	1,144
Transporting prisoners	240,000	240,000	280,868	40,868
Feeding and keeping prisoners	7,962,500	6,575,000	8,158,786	1,583,786
Fines and forfeitures	200,000	190,000	199,334	9,334
Other	3,547,990	4,078,105	3,303,918	(774,187)
Interest income	270,000	362,000	351,310	(10,690)
Miscellaneous	429,000	628,050	555,850	(72,200)
Total Revenues	<u>76,156,850</u>	<u>74,744,165</u>	<u>76,046,229</u>	<u>1,302,064</u>
<b><u>EXPENDITURES</u></b>				
Public safety:				
Personnel services and related benefits	55,120,770	55,271,900	54,657,462	614,438
Operating services	9,576,050	10,105,685	9,914,816	190,869
Material and supplies	8,649,800	8,147,200	8,591,989	(444,789)
Travel and other charges	1,318,700	1,276,550	1,325,515	(48,965)
Capital outlay	3,493,100	4,413,000	4,067,356	345,644
Total Expenditures	<u>78,158,420</u>	<u>79,214,335</u>	<u>78,557,138</u>	<u>657,197</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,001,570)	(4,470,170)	(2,510,909)	1,959,261
Other financing sources:				
Sale of fixed assets	90,000	237,100	236,940	(160)
Total other financing sources	<u>90,000</u>	<u>237,100</u>	<u>236,940</u>	<u>(160)</u>
NET CHANGE IN FUND BALANCE	(1,911,570)	(4,233,070)	(2,273,969)	1,959,101
FUND BALANCE AT BEGINNING OF YEAR	<u>22,583,167</u>	<u>21,954,228</u>	<u>21,954,228</u>	-
FUND BALANCE AT END OF YEAR	<u>\$ 20,671,597</u>	<u>\$ 17,721,158</u>	<u>\$ 19,680,259</u>	<u>\$ 1,959,101</u>

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND - PRISON CANTEEN FUND**  
**YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>REVENUES</u></b>				
Sales of merchandise	\$ 90,000	\$ 80,000	\$ 78,323	\$ (1,677)
Other	380,000	370,000	389,512	19,512
Interest Income	1,050	930	940	10
Miscellaneous	-	770	730	(40)
Total Revenues	<u>471,050</u>	<u>451,700</u>	<u>469,505</u>	<u>17,805</u>
<b><u>EXPENDITURES</u></b>				
Public safety:				
Operating services	450,200	401,650	417,920	(16,270)
Material and supplies	58,900	57,650	63,366	(5,716)
Transporting and other charges	34,200	44,380	62,462	(18,082)
Total Expenditures	<u>543,300</u>	<u>503,680</u>	<u>543,748</u>	<u>(40,068)</u>
EXCESS OF REVENUES OVER EXPENDITURES	(72,250)	(51,980)	(74,243)	(22,263)
FUND BALANCE AT BEGINNING OF YEAR	<u>204,645</u>	<u>277,010</u>	<u>277,010</u>	-
FUND BALANCE AT END OF YEAR	<u>\$ 132,395</u>	<u>\$ 225,030</u>	<u>\$ 202,767</u>	<u>\$ (22,263)</u>

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**OTHER POST EMPLOYMENT BENEFITS PLAN**  
**YEAR ENDED JUNE 30, 2011**

**SCHEDULE OF FUNDING PROGRESS**

<u>Fiscal Year Ending</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
6/30/2011	7/1/2010	\$ -	\$ 24,418,601	\$ 24,418,601	0.00%	\$ 42,184,888	57.88%
6/30/2010	7/1/2008	-	16,750,677	16,750,677	0.00%	41,336,418	40.52%
6/30/2009	7/1/2008	-	16,750,677	16,750,677	0.00%	39,782,403	42.11%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Increase (Decrease) to Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 2,815,921	\$ 339,734	12.06%	\$ 2,476,187	\$ 5,654,678
6/30/2010	1,965,823	402,843	20.49%	1,562,980	3,178,491
6/30/2009	1,994,628	379,117	19.01%	1,615,511	1,615,511

**OTHER SUPPLEMENTARY INFORMATION**

# **EAST BATON ROUGE PARISH SHERIFF**

**Baton Rouge, Louisiana**

## **GENERAL DESCRIPTIONS**

### **AGENCY FUNDS**

**June 30, 2011**

#### **SHERIFF'S FUND**

The Sheriff's Fund accounts for funds held in civil suits, sheriff's sales, and garnishments. It also accounts for collections of bonds, fines, and costs and payment of these collections to the recipients in accordance with applicable laws.

#### **PRISON INMATE FUND**

This fund accounts for deposits made by and for the inmates and for authorized withdrawals.

#### **TAX COLLECTOR AGENCY FUND**

Article V, Section 27 of the Louisiana Constitution of 1974 provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

#### **EVIDENCE FUND**

All United States currency received by the evidence section, whether considered evidence, seized funds, or found property, is to be deposited into the Evidence Fund, and maintained by the Sheriff. All found property is to be returned to its rightful owner as soon as possible after obtaining the proper release. Other money that can be specifically identified to a third party can be released upon obtaining the proper authorization and release forms.



**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES - ALL AGENCY FUNDS**  
**June 30, 2011**

	<u>Sheriff's Fund</u>	<u>Prison Inmate Fund</u>	<u>Tax Collector Fund</u>	<u>Evidence Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 6,394,732	\$ 223,675	\$ 18,024,028	\$ 480,698	\$ 25,123,133
Receivables	-	-	17,931	-	17,931
Total assets	<u>\$ 6,394,732</u>	<u>\$ 223,675</u>	<u>\$ 18,041,959</u>	<u>\$ 480,698</u>	<u>\$ 25,141,064</u>
<b><u>LIABILITIES</u></b>					
Due to other funds	\$ -	\$ -	\$ 1,252,270	\$ -	\$ 1,252,270
Due to taxing bodies and others:					
Due to taxing bodies	-	-	7,293,999	-	7,293,999
Due to others	6,394,732	223,675	-	480,698	7,099,105
Protested taxes	-	-	9,495,690	-	9,495,690
Total Liabilities	<u>\$ 6,394,732</u>	<u>\$ 223,675</u>	<u>\$ 18,041,959</u>	<u>\$ 480,698</u>	<u>\$ 25,141,064</u>

**EAST BATON ROUGE PARISH SHERIFF****Baton Rouge, Louisiana****COMBINING SCHEDULE OF CHANGES IN**  
**AMOUNT DUE TAXING BODIES AND OTHERS - ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	<u>Sheriff's</u> <u>Fund</u>	<u>Prison Inmate</u> <u>Fund</u>	<u>Tax Collector</u> <u>Fund</u>	<u>Evidence</u> <u>Fund</u>	<u>Total</u>
<b><u>AMOUNTS DUE TAXING BODIES</u></b> <b><u>AND OTHERS JUNE 30, 2010</u></b>	<b><u>\$ 5,744,782</u></b>	<b><u>\$ 188,777</u></b>	<b><u>\$ 22,883,291</u></b>	<b><u>\$ 495,545</u></b>	<b><u>\$ 29,312,395</u></b>
<b><u>ADDITIONS</u></b>					
Deposits:					
Suits, successions, etc.	16,819,392	-	-	-	16,819,392
Garnishments	3,337,950	-	-	-	3,337,950
Surety Bonds	682,314	-	-	-	682,314
Taxes, fees, etc. paid to tax collector	-	-	401,508,878	-	401,508,878
Interest on investments	-	-	333,938	-	333,938
Other Additions					
Prisoner deposits	-	468,270	-	-	468,270
Donations	-	-	-	-	-
Evidence cash received	-	-	-	130,151	130,151
Total additions	<u>20,839,656</u>	<u>468,270</u>	<u>401,842,816</u>	<u>130,151</u>	<u>423,280,893</u>
<b><u>REDUCTIONS</u></b>					
Taxes, fees, etc. distributed					
to taxing bodies and others	-	-	406,684,148	-	406,684,148
Payments to litigants, etc.	12,931,863	-	-	-	12,931,863
Fees to sheriff's General Fund	6,402,203	-	-	-	6,402,203
Surety bond forfeitures	241,526	-	-	-	241,526
Surety bond refunds	614,114	-	-	-	614,114
Refunds to released inmates and					
prisoner program disbursements	-	433,372	-	-	433,372
Authorized program disbursements	-	-	-	144,998	144,998
Total reductions	<u>20,189,706</u>	<u>433,372</u>	<u>406,684,148</u>	<u>144,998</u>	<u>427,452,224</u>
Change in amounts due taxing bodies and others	<u>649,950</u>	<u>34,898</u>	<u>(4,841,332)</u>	<u>(14,847)</u>	<u>(4,171,331)</u>
<b><u>AMOUNTS DUE TAXING BODIES</u></b> <b><u>AND OTHERS JUNE 30, 2011</u></b>	<b><u>\$ 6,394,732</u></b>	<b><u>\$ 223,675</u></b>	<b><u>\$ 18,041,959</u></b>	<b><u>\$ 480,698</u></b>	<b><u>\$ 25,141,064</u></b>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Sid J Gautreaux, III  
East Baton Rouge Parish Sheriff  
Baton Rouge, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the combined fiduciary funds of the East Baton Rouge Parish Sheriff (the "Sheriff") as of and for the year ended June 30, 2011, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated January 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and other matters**

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Sheriff in a separate letter dated January 14, 2012.

This report is intended for the information of the Sheriff, management, federal and state awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite + Netterville*

Baton Rouge, Louisiana

January 14, 2012

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Sid J Gautreaux, III  
East Baton Rouge Parish Sheriff  
Baton Rouge, Louisiana

Compliance

We have audited the East Baton Rouge Parish Sheriff's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The East Baton Rouge Parish Sheriff's (the "Sheriff") major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Sheriff's management. Our responsibility is to express an opinion on the Sheriff's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Sheriff's compliance with those requirements.

In our opinion the Sheriff complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Sheriff is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Sheriff's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the East Baton Rouge Parish Sheriff's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the governmental activities, each major fund, and the combined fiduciary funds of the Sheriff as of and for the year ended June 30, 2011, and have issued our report thereon dated January 14, 2012. Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise the Sheriff's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in that audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the East Baton Rouge Parish Sheriff, management, federal and state awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite + Netterville*

Baton Rouge, Louisiana  
January 14, 2012

**East Baton Rouge Parish Sheriff**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2011**

FEDERAL DEPARTMENT/PASS-THROUGH			
ENTITY/PROGRAM	CFDA #	Grant #	EXPENDED
<b><u>United States Department of Justice</u></b>			
<b><u>Direct Program:</u></b>			
<i>Office of Justice Programs:</i>			
Justice Assistance Grant 2008	16.738	1 2008-DJ-BX-0527	\$ 31,094
Justice Assistance Grant 2009	16.738	1 2009-DJ-BX-0577	241,670
Justice Assistance Grant 2009 - ARRA	16.804	1 2009-SB-B9-2897	427,451
Justice Assistance Grant 2010	16.738	1 2010-DJ-BX-1636	203,794
Anti-Gang Initiative	16.744	2008-GP-CX-0088	1,208
<b><u>Passed Through:</u></b>			
<i>Louisiana Commission on Law Enforcement and Administration of Criminal Justice:</i>			
Violent Crime Task Force	16.738	1 B10-5-041	3,840
Targeting Violent Criminals	16.738	1 B09-5-013	23,304
Multi-Jurisdictional Task Force	16.738	1 B09-5-012	18,426
Crime Victims Unit	16.575	C09-5-011	7,819
Crime Victims Unit	16.575	C07-8-024	3,098
Crime Victims Unit	16.575	C10-5-012	22,247
Total United States Department of Justice			983,951
<b><u>United States Department of Transportation</u></b>			
<b><u>Passed Through:</u></b>			
<i>Louisiana Department of Public Safety and Corrections:</i>			
LHSC 2010	20.600	2 PT 2010-21-00-00	8,410
LHSC 2010	20.601	2 K8HV 2010-08-00-00	24,700
LHSC 2011	20.600	2 2011-30-39	27,573
LHSC 2011	20.205	2011-30-39	13,787
LHSC 2011	20.601	2 2011-30-39	73,529
Total United States Department of Transportation			147,999
<b><u>United States Department of Homeland Security</u></b>			
<b><u>Passed Through:</u></b>			
<i>Governor's Office of Homeland Security &amp; Emergency Preparedness:</i>			
Disaster Grants - Public Assistance (FEMA)	97.036		61,117
LLETP (Homeland Security)	97.067	X08-5-012	4,733
Buffer Zone Protection Program 2007	97.078	2007-BZ-T7-0025	362,370
Total United States Department of Homeland Security			428,220
Total Expenditures			\$ 1,560,170

See accompanying notes to this schedule.

- 1 - Justice Assistance Cluster  
2 - Highway Safety Cluster

**EAST BATON ROUGE PARISH SHERIFF**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the East Baton Rouge Parish Sheriff and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B – SUB-RECIPIENTS**

The Sheriff provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amounts Previously Provided to Sub-recipients</u>	<u>Amounts Provided to Sub-recipients in the Current Year</u>	<u>Total Federal Awards Received</u>
Justice Assistance Grant 2009 – ARRA	16.804	\$ 974,167	\$ -	\$ 1,920,286

**NOTE C – PROGRAM CLUSTERS**

Part 5 of the March 2011 A-133 Compliance Supplement identifies those programs that are considered to be clusters of programs as defined by OMB Circular A-133. A cluster of programs means Federal programs with different CFDA numbers that are defined as a cluster of programs because they are closely related programs that share common compliance requirements. The accompanying schedule of expenditures of federal awards include the following clusters of programs.

United States Department of Justice - JAG Program Cluster

<u>CFDA</u>	<u>Program Title</u>
16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.804	Recovery Act – Grants to Units of Local Governments

United States Department of Transportation - Highway Safety Cluster

<u>CFDA</u>	<u>Program Title</u>
20.600	State and Community Highway Safety
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants



**EAST BATON ROUGE PARISH SHERIFF**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2011**

**A. Summary of Auditors' Results**

*Financial Statements*

Type of auditor's report issued: *Unqualified*

Internal Control over Financial Reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes      x   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes      x   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      x   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

\_\_\_\_\_ yes      x   no

Identification of major programs:

CFDA Numbers

16.738  
16.804  
97.078

Name of Federal Program or Cluster

Justice Assistance Grant Program  
Justice Assistance Grant - ARRA  
Buffer Zone Protection Program

The threshold for distinguishing types A & B programs was program expenditures exceeding \$300,000.

The East Baton Rouge Parish Sheriff was determined to be a low-risk auditee.

**EAST BATON ROUGE PARISH SHERIFF**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2011**

**B. Findings – Financial Statement Audit**

None noted.

**C. Findings and Questioned Costs – Major Federal Award Programs**

None noted.

**EAST BATON ROUGE PARISH SHERIFF**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Findings – Financial Statement Audit**

**2010-1            Capital Assets and Inventoried Equipment**

**Condition:**

The Sheriff's Office has not taken a complete physical inventory in the past three years. A count is only performed at the discretion of the purchasing manager who has been assigned the responsibility of property control. Further, the complexity of the inventory data base is such that it is difficult for the Sheriff's Office personnel to identify beginning balances, additions, deletions and ending balances. In addition, capital and equipment expenditures were not reconciled to the additions in the capital asset inventory records.

**Recommendation:**

We recommend that a physical inventory of fixed assets be taken. We further recommend that fixed asset inventories be conducted no less than bi-annually, but preferably on an annual basis. Also, all capital and equipment expenditures should be reconciled to the additions in the capital assets schedule and equipment inventory records. Additional training should be obtained for those personnel utilizing the inventory database.

**Current Status:**

*Resolved. A physical inventory has been taken.*

**Findings and Questioned Costs – Major Federal Award Programs**

None noted.

**EAST BATON ROUGE PARISH SHERIFF**

**REPORT TO MANAGEMENT**

**JUNE 30, 2011**

EAST BATON ROUGE PARISH SHERIFF

REPORT TO MANAGEMENT

JUNE 30, 2011

January 14, 2012

Honorable Sid Gautreaux, Sheriff  
East Baton Rouge Parish, LA

In planning and performing our audit of the financial statements of the East Baton Rouge Parish Sheriff's Office as of and for the year ended June 30, 2011, we considered the Sheriff's internal controls, compliance with laws and regulations having a material effect on financial reporting in order to determine our auditing procedures, and other matters for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of a compliance matter that also represents an opportunity for enhanced internal controls for compliance with laws and regulations and financial reporting. The following paragraphs summarize our comments and suggestions regarding this matter. This letter does not affect our report dated January 14, 2012 on the financial statements of the Sheriff.

#### **MISAPPROPRIATION**

##### **Condition:**

During the year ended June 30, 2011, it was discovered that certain deputies assigned to prisoner transportation duties inappropriately retained per diem payments of \$44.00 per day for travel on extradition trips that were intended to be remitted to other law enforcement officers making the same trips. This matter involved thirteen (13) deputies on twenty-eight (28) trips that occurred from March 2009 through May 2011. The total amount of the inappropriately retained per diems has been identified as \$4,224. The Sheriff Office's practice of making the transportation per diem payments to its own deputies who were then responsible for remitting the per diem amounts to other law enforcement officers contributed to this incident, or series of incidents.

##### **Recommendation:**

We recommend that the Sheriff change its practice of paying transportation per-diems so that all such payments are made directly to the intended recipient.

##### **Management's Response:**

*The Sheriff's office has reimbursed the officers who did not rightfully receive the per diem payments and the deputies who inappropriately retained the per diem payments have been disciplined, which includes restitution. Furthermore, the Sheriff's office has changed its practices regarding payments of per diems for non-Sheriff personnel so that such payments are made directly to the intended recipient upon receipt of appropriate documentation and approval.*

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would also welcome any opportunity to perform any additional study of these matters or to assist you in implementing the recommendations. We would also like to thank the Sheriff's Office staff for their cooperation with us during the performance of the audit.

*Postlethwaite & Netterville*